

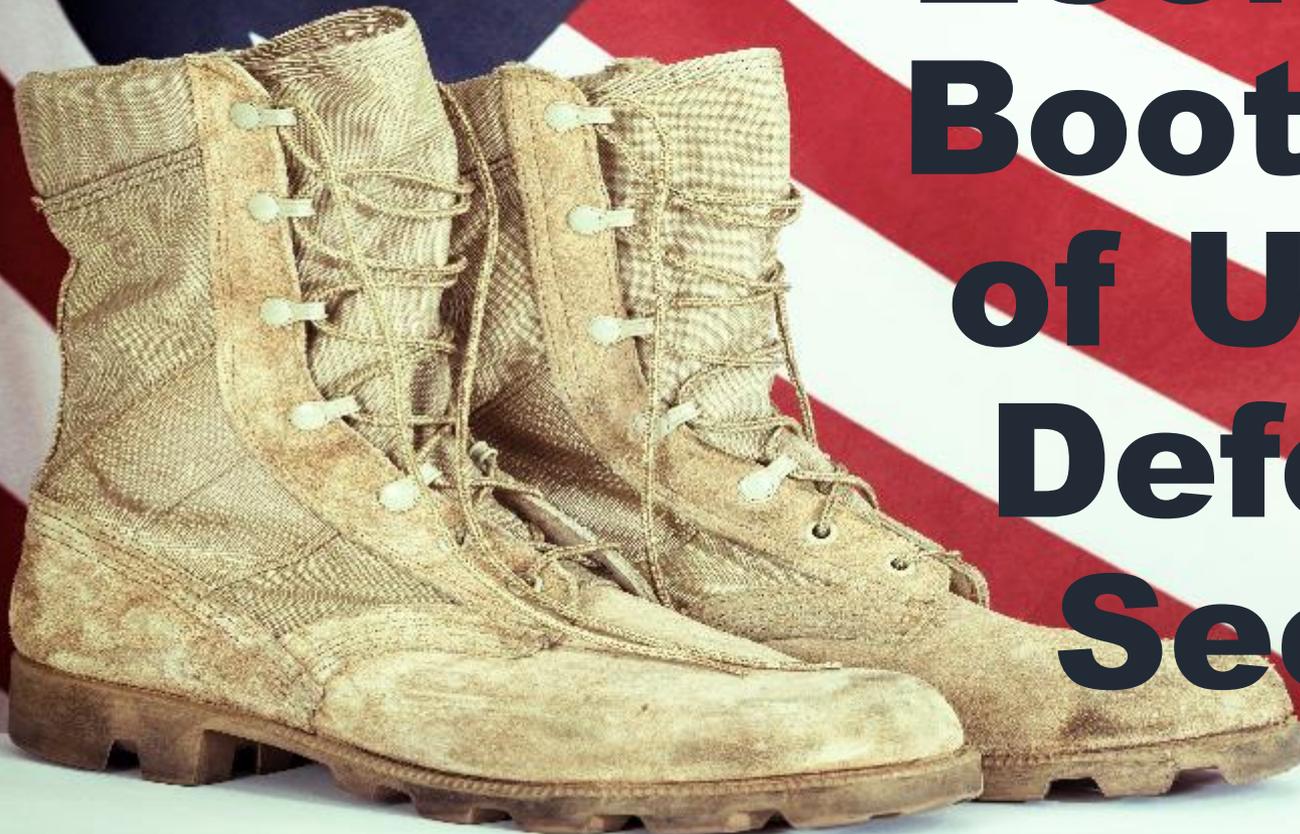


Kem C. Gardner

POLICY INSTITUTE

THE UNIVERSITY OF UTAH

Economic Boot Print of Utah's Defense Sector



INFORMED DECISIONS™

Utah's Defense Sector: Economic Impacts of the Military and Veterans

Authored by John Downen and Levi Pace

March 2017



Presentation Outline

- ✓ Measuring Economic Impacts
- ✓ Study Highlights
 - Historical Trends
 - Economic Impacts
 - Fiscal Impacts
 - Hill Airforce Base Closure Simulation
- ✓ Economic Context

Measuring Economic Impacts

What would happen to Utah's economy if an activity ceased to exist?



Measuring Economic Impacts

DIRECT
activity

+

INDIRECT
activity

+

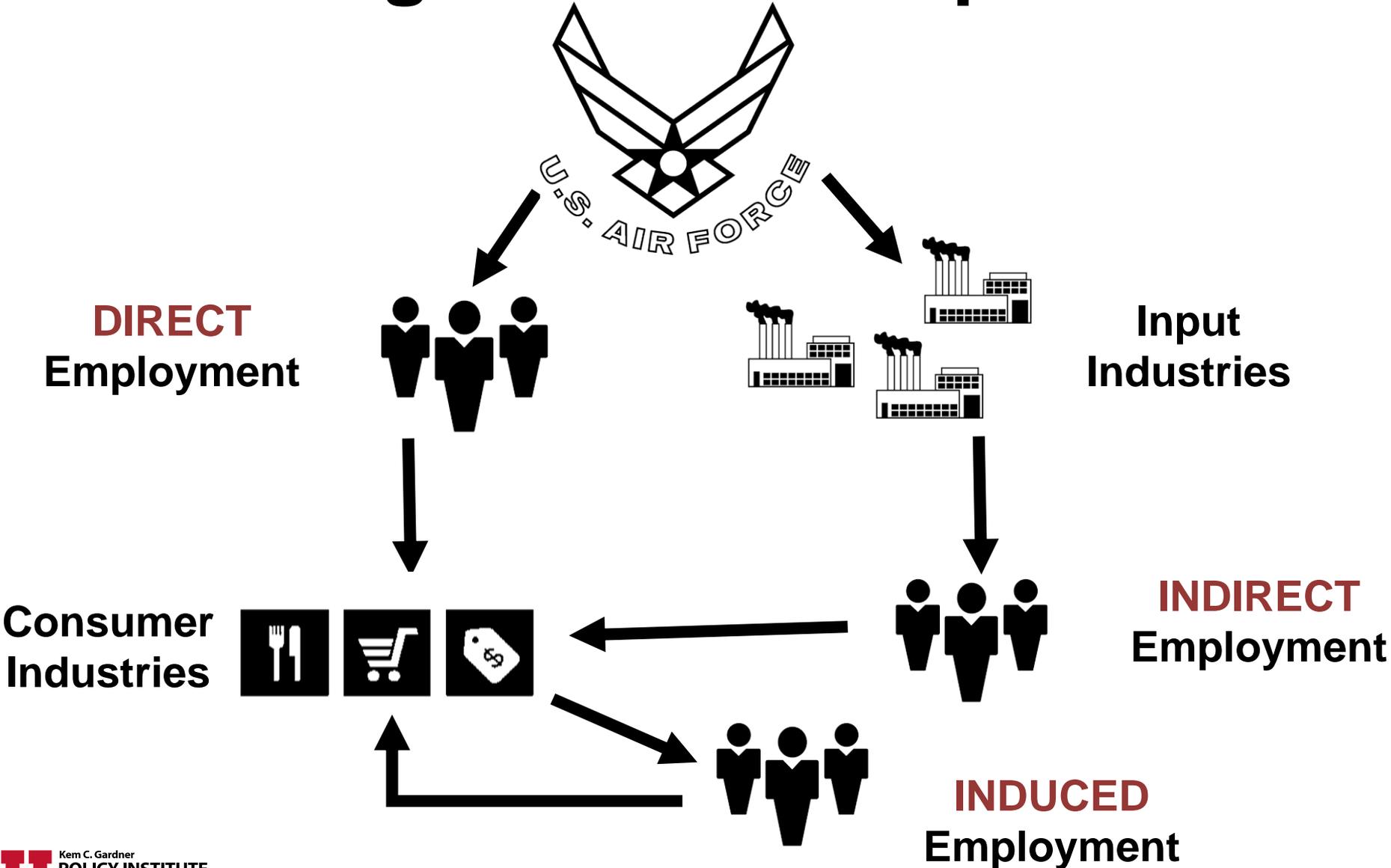
INDUCED
activity

=

**TOTAL
ECONOMIC
IMPACT**



Measuring Economic Impacts



Measuring Economic Impacts

ECONOMIC INDICATORS WE MEASURE:

JOBS

EARNINGS

STATE GDP

Measuring Economic Impacts

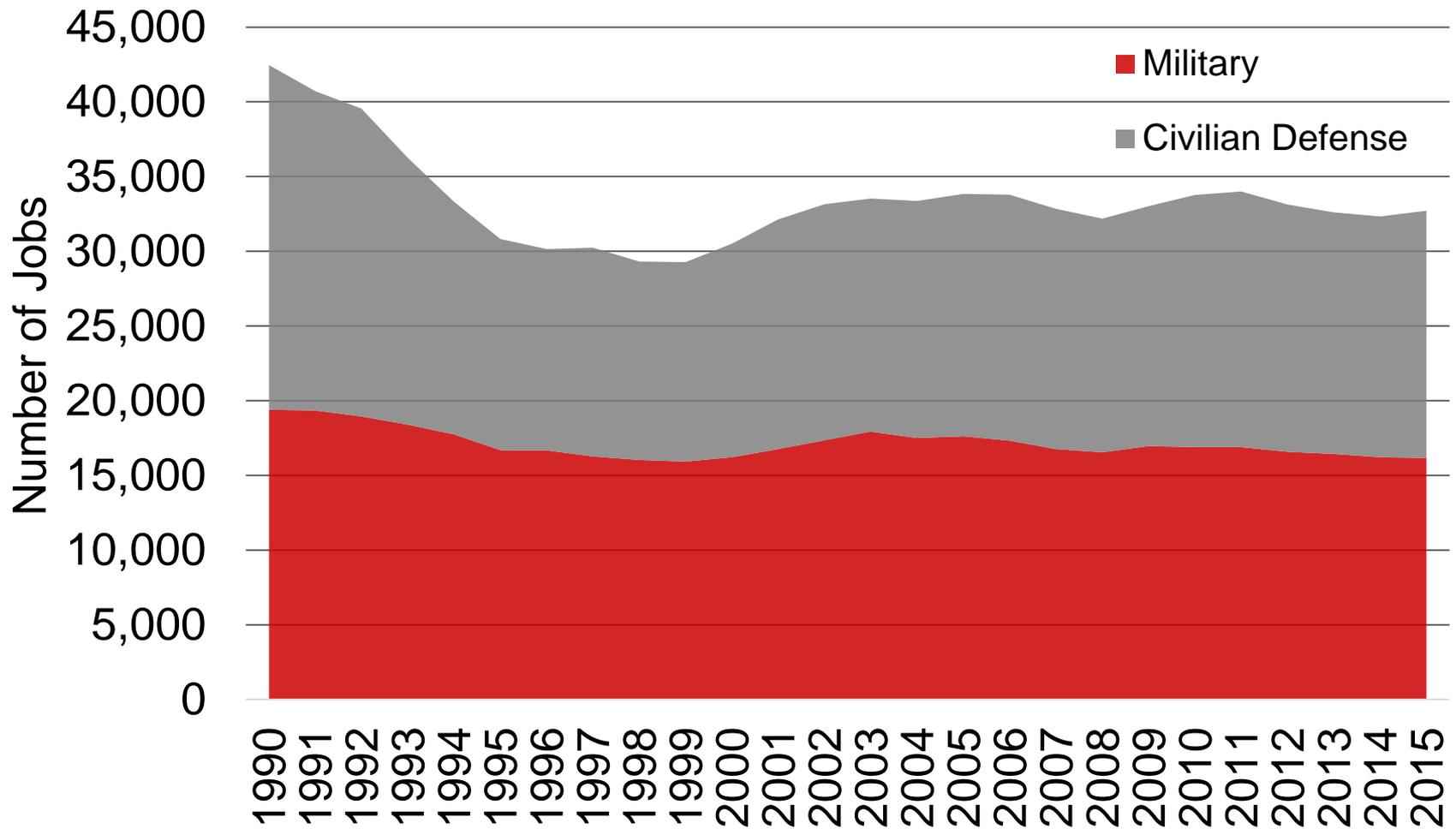
Study Methods

- Interviews and data collection for major installations
 - Detailed jobs, payroll and spending
- Veterans Administration operations
- Veterans and Military Retiree benefits
- Federal defense contracts
- REMI economic model
- Fiscal impact model
- Forecasts and simulation

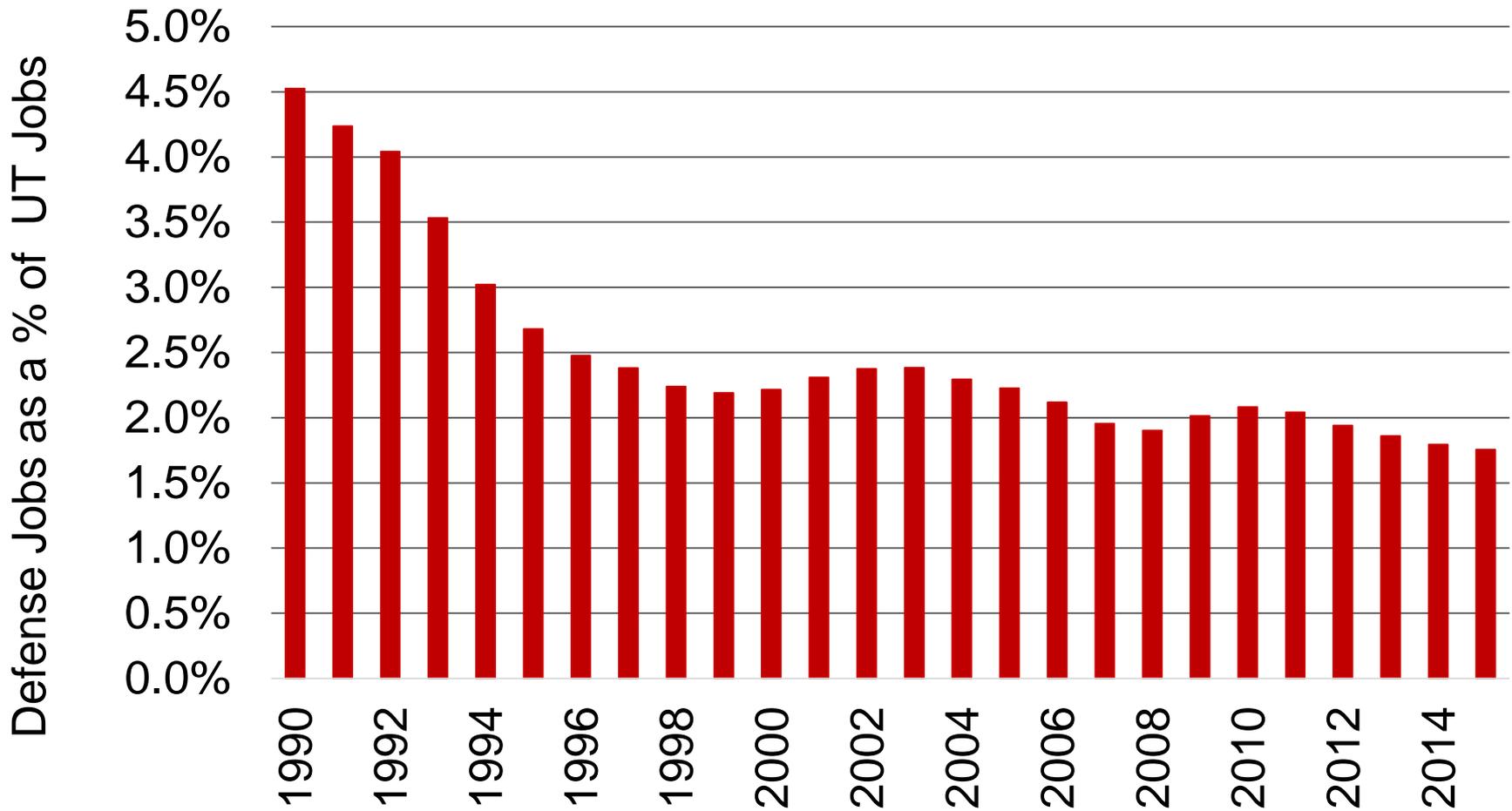
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Direct Defense employment has been fairly stable in Utah for 15 years with a slight decline in military

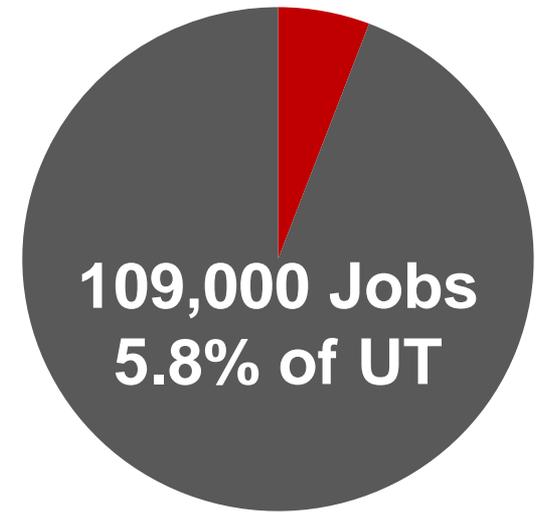
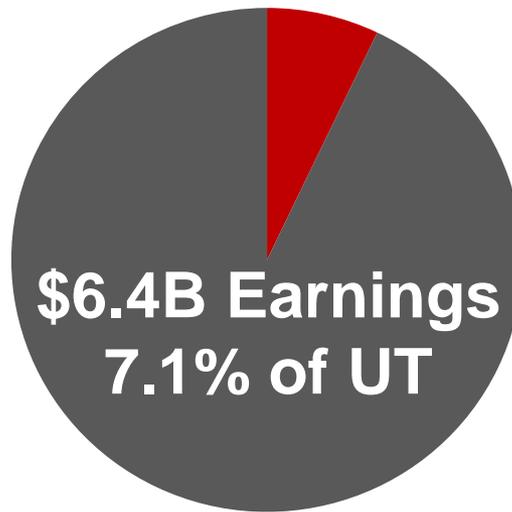
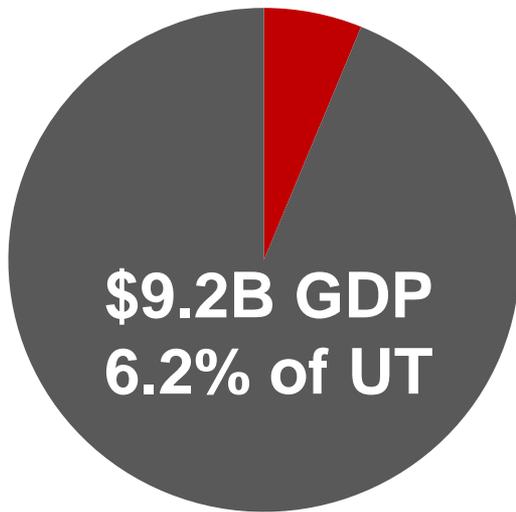


Utah's non-defense employment has grown faster than its direct defense employment.



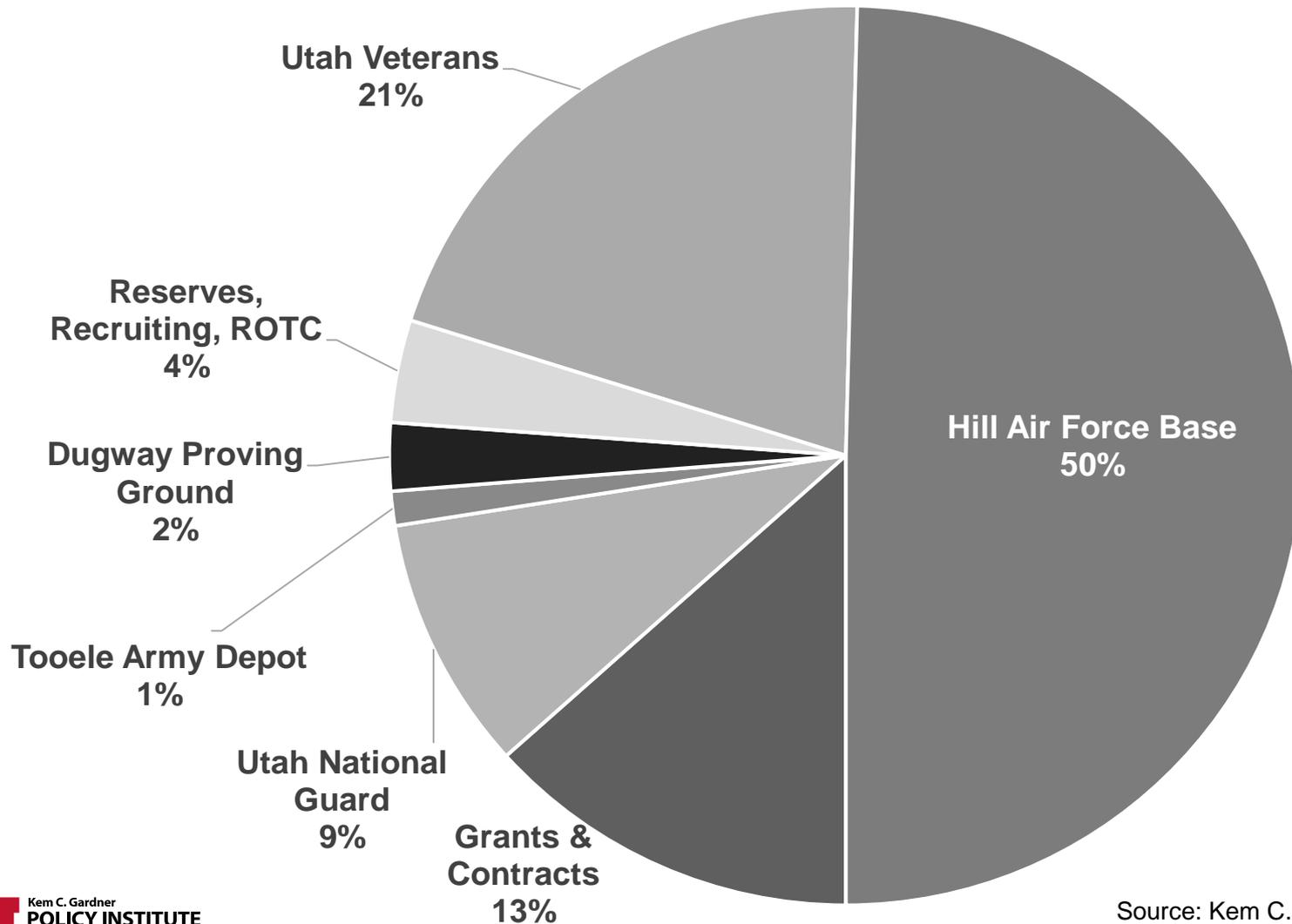
Source: Bureau of Economic Analysis, Bureau of Labor Statistics
(see Figure 5 on p. 4 of the report or Figure 9.2 on p. 33).

Utah Defense Industry Total Economic Impact, 2015



Utah Defense Industry

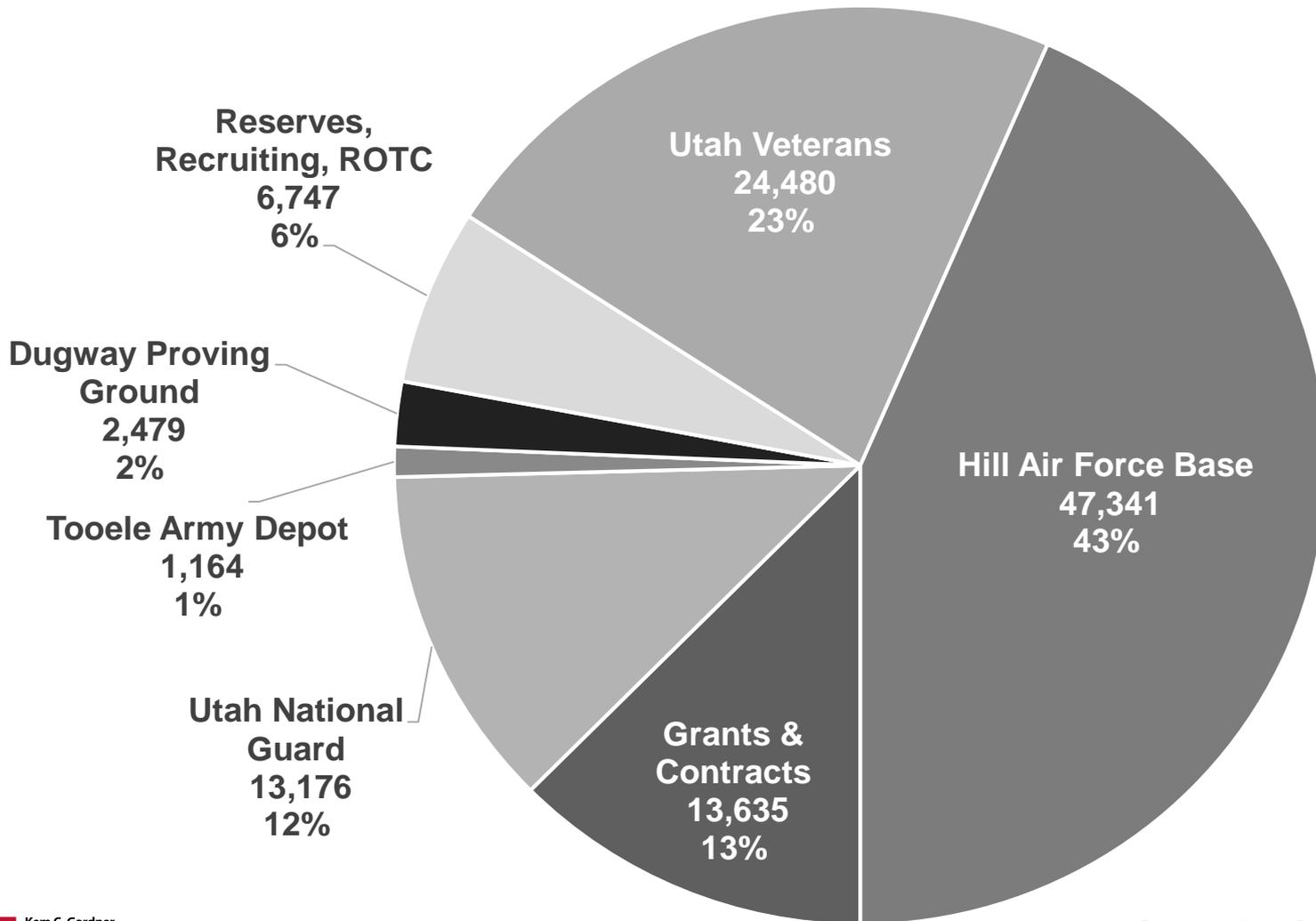
Economic Impact: \$9.2 Billion GDP



Source: Kem C. Gardner Policy Institute

Utah Defense Industry

Economic Impact: 109,000 Jobs



Fiscal Impacts: The defense sector directly and indirectly generated \$146.3 million in net state revenue.

Table 10: State Fiscal Impacts of Utah's Defense Sector, 2015
(Millions of Dollars)

Category	Impact
Revenue	\$387.7
Operating Expenditures	\$232.4
Net State Revenue	\$146.3

Source: Kem C. Gardner Policy Institute analysis.

Economic Impact of Hill Air Force Base Closure

Simulation through 2040

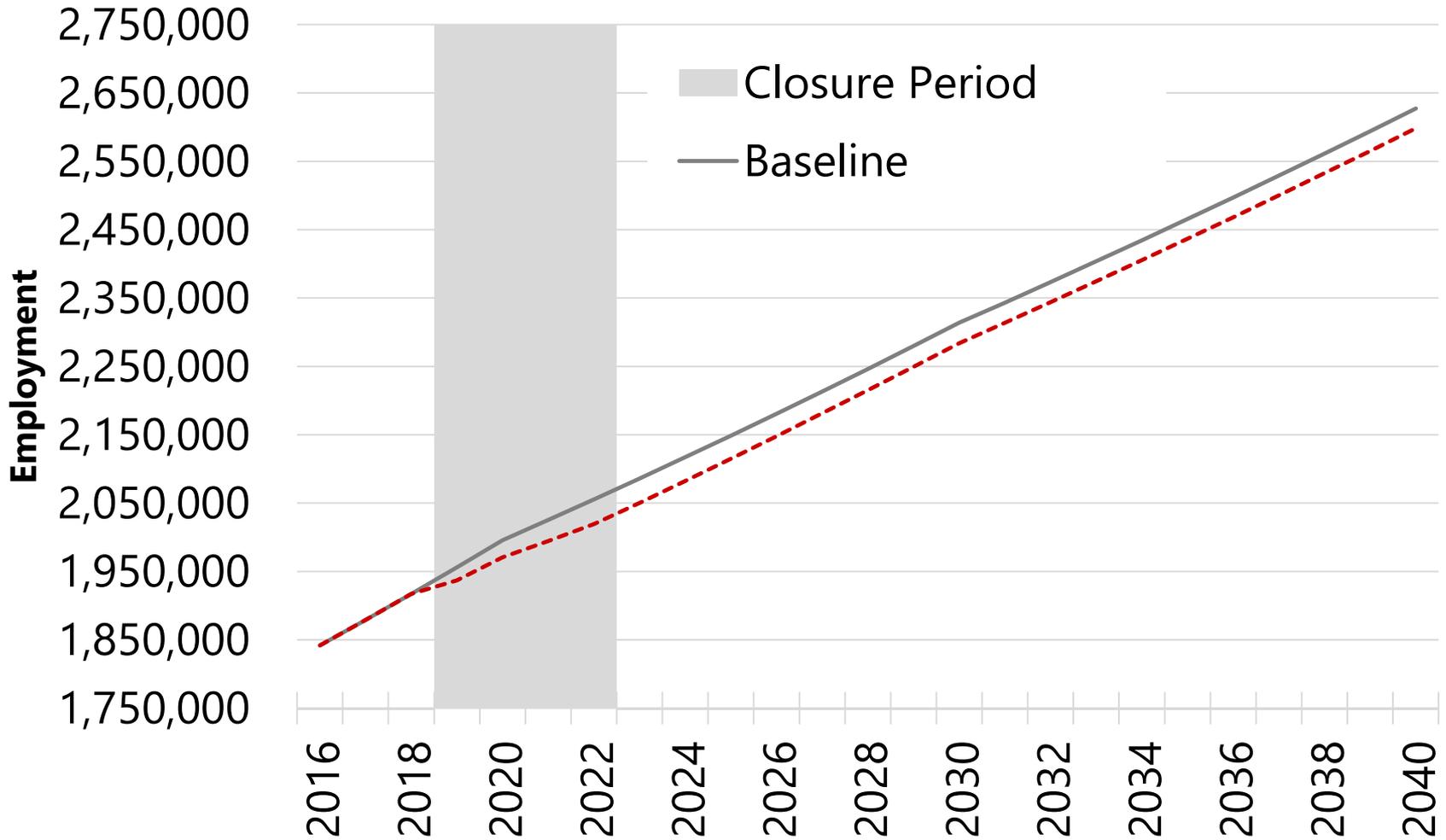
Hill Airforce Base Closure Simulation: Statewide Impacts

Table 11: Statewide Economic, Demographic and Fiscal Impacts from Hill AFB Closure Scenario
(Millions of Constant 2015 Dollars)

Category	2023	2040
Employment	-35,678	-28,712
Earnings	-\$2,926.5	-\$2,644.3
GDP	-\$3,899.5	-\$3,770.5
Population	-30,616	-53,830
State Tax Revenue	-\$155.5	-\$172.8
State Expenditures	-\$122.8	-\$230.4

Source: Kem C. Gardner Policy Institute analysis.

Statewide employment without Hill AFB: more than 35,000 jobs in 2023, almost 28,000 jobs in 2040.



Source: Gardner Policy Institute analysis using REMI PI+ model and Utah GOMB 2012 baseline employment projections (see Figure 10.1 on p. 37 of the report).

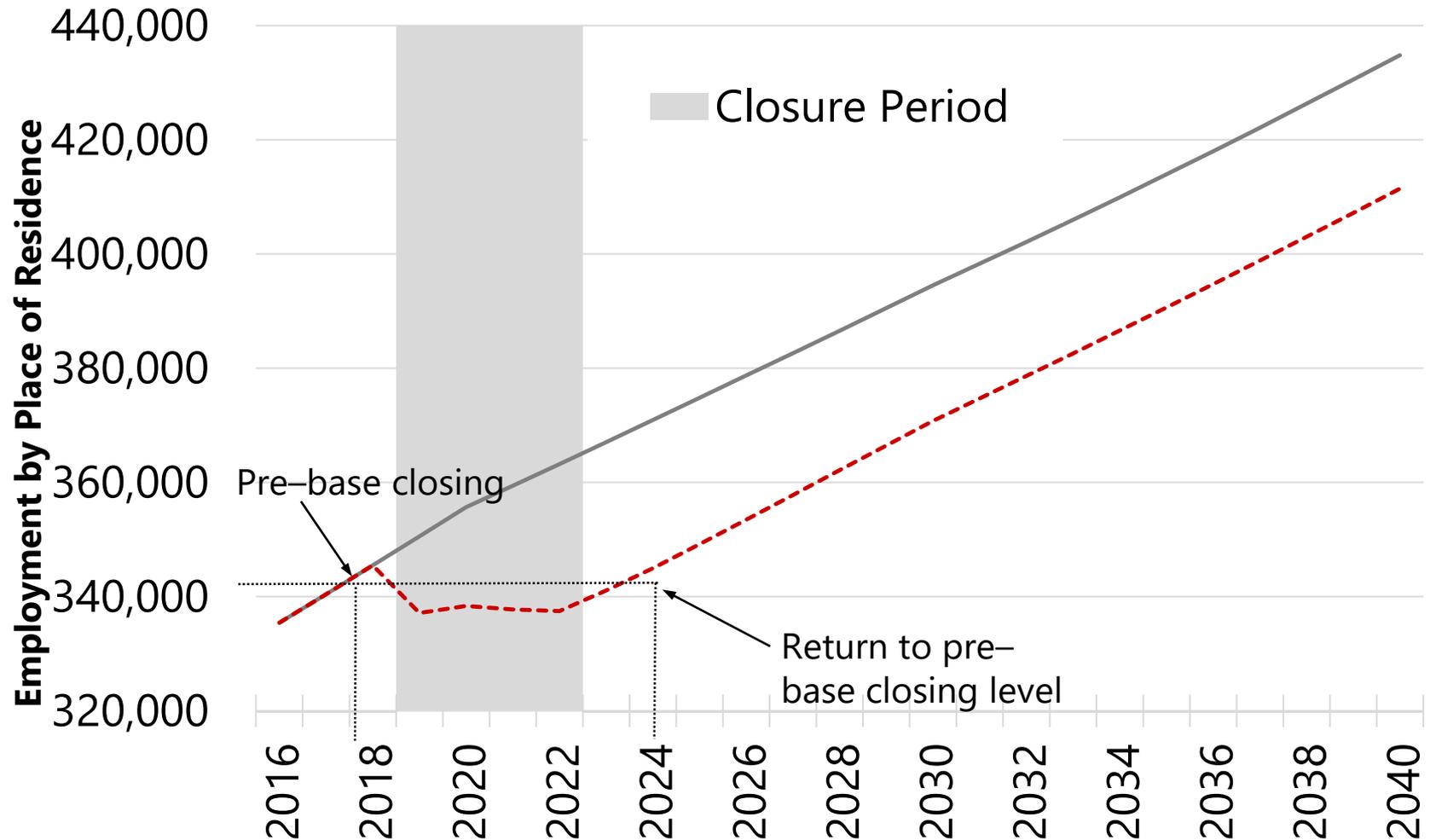
Hill Airforce Base Closure Simulation: Local Impacts

Table 12: Davis-Weber Region Economic, Demographic and Fiscal Impacts of Hill AFB Closure Scenario
(Millions of Constant 2015 Dollars)

Category	2023	2040
Employment	-25,971	-23,367
Earnings	-\$2,176.8	-\$2,254.6
GDP	-\$3,226.2	-\$3,228.0
Population	-25,996	-49,182
State Tax Revenue	-\$51.5	-\$60.9
State Expenditures	-\$17.6	-\$42.6

Source: Kem C. Gardner Policy Institute analysis.

Davis-Weber employment without Hill AFB: nearly 26,000 jobs in 2023, over 23,000 jobs in 2040.



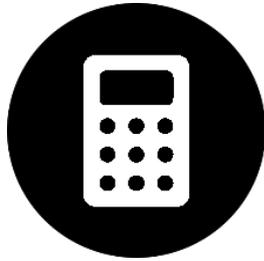
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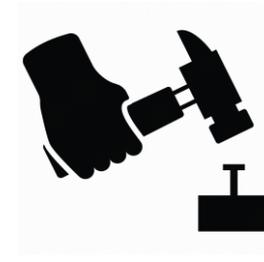
Utah GDP:



Military and Veterans
\$9.2B (Total)



Prof., Sci., Tech Services
\$9.3B (Direct)



Construction
\$9.0B (Direct)



Healthcare & Social Assistance
\$8.3B (Direct)

For the report PDF and to contact researchers...

“Utah’s Defense Sector: Economic Impacts of the Military and Veterans” by John Downen and Levi Pace, Kem C. Gardner Policy Institute, March 2017, 45 pages

<http://gardner.utah.edu/wp-content/uploads/DefenseReportFinal.pdf>

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